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**Meeting with the Chair of the Steering Committee  
on Trade Capacity and Standards (SCTCS)**

**Report by the Chair**

## Report by the Chair of the Steering Committee on Trade Capacity and Standards

1. The Chair of the Steering Committee on Trade Capacity and Standards (SCTCS), Mr. Zdenko Lucić (Croatia), is pleased to submit this report to the 135th meeting of the Executive Committee on 9 September 2024.

### I. Introduction

2. This report describes the main achievements of the Committee and its subsidiary bodies over the last twelve months, as well as major activities planned for the remainder of 2024 and 2025. The Committee's activities in the reporting period are based on:

- The programme of work of Trade subprogramme for 2024, as approved by the Committee at the eighth session on 26 and 27(am) June 2023 (ECE/CTCS/2023/10).

3. This report highlights key past and planned activities and their impact, in line with the Committee's mandated thematic areas:

- Removing regulatory and procedural barriers to trade (RPBT) in goods and services,
- Developing agricultural quality standards, and
- Promoting regulatory cooperation and standardization.

4. Through spotlight and focus topics, this report specifically showcases activities of the Committee in response to the cross-cutting themes of the 69th and the 70<sup>th</sup> sessions of the Economic Commission for Europe (ECE), as well as other UN-wide priorities. A more complete summary of the Committee's achievements and plans is contained in the report of its ninth session (ECE/CTCS/2024/2).

### *Relevance*

5. Recent economic trends speak to the relevance of the Committee's broader mandate to promote international trade for sustainable development. For example:

- UNCTAD's Global Trade Update reveals a promising outlook for global trade. Following a decline in the last year, the volume of world merchandise trade is forecast to increase by 2.6 per cent in 2024 and 3.3 per cent in 2025.
- Despite this positive global trend, the ECE membership has experienced uneven patterns linked to trade fragmentation that vary by sector and sub-region, with diverse impacts for economic growth and sustainable development.
- While the ECE region overall will benefit, several challenges prevent countries from fully realizing the potential of economic integration.

6. The Committee's focus areas also respond to the specific challenges and opportunities arising for the ECE region and for countries with economies in transition.

- Many economies suffer from underdeveloped regulatory and institutional frameworks for market access and trade facilitation. This challenge is particularly pronounced for ECE member States that are in accession to the World Trade Organization (WTO), pointing to the relevance of ECE's RPBT studies in this regard.
- Many economies are characterised by limited fiscal space and other financial resources, as well as overdependence on natural resources. The dominant nature of the agricultural sector points to the relevance of the Committee's work on agricultural quality standards.
- Technological advancements and sustainable industries drive trade dynamics and the global economy is poised for substantial transformation in the coming years. This

enhances the prospects of services trade, a sector that is highly relevant in the context of the circular economy transition, green and digital transformations.

7. The Committee is well placed to contribute to harnessing the power of trade for the Sustainable Development Goals (SDGs) in these dynamic and complex scenarios. This report puts a specific spotlight on trade in agriculture and on the increasing relevance of trade in services, as examples of ECE's longest lasting and possible novel areas of focus.

## **II. Achievements over the past twelve months**

### ***Spotlight on agricultural trade***

8. Supporting agricultural exports is essential for economic growth, social development, and environmental sustainability in ECE member States. The agricultural sector creates jobs, attracts investment and generates exports; it contributes to increased tax revenues, stabilizing national incomes and reducing poverty. If developed sustainably, it can contribute to better management of natural resources, enhanced food security and reduced urban-rural divides.

9. At present, many countries in the ECE region have yet to realize the full benefits of international trade in agriculture. The agricultural sector is heavily regulated across the world, and quality standards can be too stringent for producers aiming to penetrate high-end markets in advanced industrialized economies. When striving to harness agricultural trade for the development of ECE member States, governments need to address deficiencies in "hard and soft infrastructure", particularly regarding the quality infrastructure for trade and trade facilitation.

### ***Increasing agricultural trade: the impact of ECE's normative work***

10. Supporting the adoption and revision of agricultural quality standards and related capacity building (see below) has been an important focus of the Committee in the past year.

- At its ninth session, the Committee endorsed a new portfolio of standards, including: three new standards for certain small fruits, inshell pecans, and pecan kernels; one new recommendation (standard on trial) for sweet potatoes; eight revised standards for asparagus, broccoli, kiwifruit, onions, peas, sweet chestnuts, cashew kernels, and bovine meat – carcasses and cuts, and a revised standard layout and minimum quality specifications layout for fresh fruit and vegetables.

11. The ECE Working Party on Agricultural Quality Standards (WP. 7), at in its 78th session (13–15 November 2023), assessed the use and impact of the agricultural quality standards and links to legislative frameworks. This was done through:

- A survey showed that the use of ECE agricultural quality standards and their link to legislative frameworks varies, suggesting that there is much room for further disseminating the use of standards by countries in the region, given the expected benefits. The survey was released to follow up on the findings of a joint study with the Organisation for Economic Co-operation and Development (OECD).
- The study found that for the 39 categories of fresh fruit and vegetables considered, implementation/revision of ECE standards and publication of OECD fruit and vegetable explanatory brochures are associated with substantial increases in international trade. The study also showed that trade in the products was higher between countries that had adopted the standards than with other countries.

### ***Fostering sustainability in agricultural trade: responding to cross-cutting priority themes***

12. Over recent years, the Committee delivered tools to respond to the two cross-cutting Commission themes (i.e. promoting circular economy and sustainable use of natural resources in the ECE region (69th session), and digital and green transformations for sustainable development in the ECE region (70th session).

13. The Committee did so in recognition of the fact that international agri-food value chains are crucial for the 2030 Agenda for Sustainable Development, including for the circular economy transition (SDG 12), for climate action (SDG 13), zero hunger (SDG 2) and the objectives set out in the United Nations Food Systems Summit.

14. As part of the Regional Conference on the Circular Economy (26 June 2024), hosted jointly by this Committee and the Committee on Innovation, Competitiveness, and Public-Private Partnerships (CICPPP), the Committee addressed challenges to the circular transitions as they matter to agricultural value chains (ECE/CTCS/2024/9).

- As regards agri-food value chains, speakers in the session on “Advancing Circular Economy in Agri-Food Value Chains” shared experiences on different entry points for promoting circularity, including enhancing resource use efficiency within the food systems (e.g. minimizing food loss and waste, reducing water and land use), promoting the use of by-products in a circular bioeconomy and fostering the role of trade. Solid regulatory and policy frameworks were recognised as a key element for success.
- Looking forward, ECE can play a pivotal role in supporting the development of solid regulatory and policy frameworks, facilitating knowledge exchange and the dissemination of best practices to address gaps in measurement, reporting and target-setting for food loss and waste.
- The sustainability and circularity of agricultural value chains, particularly cotton, were also at the core of the session on “Improving Traceability and Transparency along International Value Chains”. Speakers shared experiences on the global implementation, benefits, and challenges in achieving effective traceability and transparency for circularity in garment and footwear sectors (ECE/CTCS/2024/10) using blockchain technologies.
- Looking forward, ECE can play a key role by exploring ways to further leverage its normative tools to promote sustainable trade, applying lessons learned from the garment and footwear sectors to other key sectors, such as agri-food and critical raw materials (CRMs), and by accounting for sub-regional priorities, such as those set out in the Principles on Sustainable Trade adopted by participating States of the United Nations Special Programme for the Economies of Central Asia (SPECAs).

### **III. Major activities planned for 2024 and beyond**

15. The tenth session of the Committee will take place in Geneva on 23–24 June 2025. Among the many activities to be carried out ahead of this session in 2025 and building on discussions and decisions by the Committee in 2024, focus will be on delivering results on the new RPBT studies for Azerbaijan (ECE/CTCS/2024/6) and Turkmenistan (ECE/CTCS/2024/7).

16. The RPTB studies for the two countries aim to support their integration into the global economy, including as part of the WTO accession process.

- For Turkmenistan, the secretariat plans to jointly launch the study with the project donor, the Islamic Development Bank, during the fall of 2024, and conduct a fact-finding mission.
- For Azerbaijan, the secretariat plans to prepare a scoping study to inform an upcoming RPBT study.

### **IV. Any proposed change to the subsidiary structure of the Committee**

17. There are no changes proposed to the subsidiary structure of the SCTCS. The organizational structure of the Committee is shown in the annex to this report.

18. At its ninth session, the SCTCS adopted the draft programme of work of the Trade subprogramme for 2025, as contained in document ECE/SCTCS/2024/13. The Committee also endorsed the Programme of work of the Working Party on Regulatory Cooperation and Standardization Policies (WP.6) for 2024 as contained in document ECE/CTCS/WP.6/2023/14, the Programme of work of the Working Party on Agricultural Quality Standards for 2024 (WP.7) as contained in document ECE/CTCS/WP.7/2023/3/Rev.1. The Committee recommended the above decisions to the Executive Committee for approval.

## **V. Follow-up to the 2023 session of the Economic Commission for Europe**

### ***Spotlight on the digital transformation***

19. The digital transformation is crucial for the ECE region as it enhances efficiency, transparency, and competitiveness in international trade. Digital technologies streamline customs procedures, reduce transaction costs, and facilitate faster and more secure trade flows. By adopting digital platforms, businesses can access global markets more easily. Furthermore, digitalization supports the integration of supply chains, improving resource management and sustainability. Digitalization also fosters innovation and the development of new services.

20. Building on the 2023 Committee session, as well as the endorsement of the new document on integrating digital economy considerations into RPBT studies (ECE/CTCS/2023/7), the 2024 Committee session featured several insightful discussions:

- As regards regulatory cooperation and harmonization, WP.6 presented a document on regulatory compliance of products with embedded artificial intelligence or other digital technologies (ECE/CTCS/WP.6/2023/9). This follows the launch of work on a common regulatory arrangement to harmonize technical regulations and market surveillance procedures, accompanied by a declaration on the topic.
- As regards regulatory and procedural barriers to trade in services, the WTO and the World Bank Group presented their joint Report on Trade in Services for Development. The discussion showed that the services sector is a critical pillar due to its high share in GDP and its great relevance for digitalization. The sector provides also significant opportunities for export-led growth, economic diversification and integration into global value chains.

21. Also SPECA is an important avenue to support trade-related digital transformation in the region.

- The Roadmap for the Digitalization of Multimodal Data and Document Exchange along the Trans-Caspian Transport Corridor, Using United Nations Legal Instruments and Standards<sup>1</sup>, adopted in November 2023 aims to leverage the United Nations normative tools and standards, including the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) Package of Standards, for digital transformations to facilitate cross border trade.

## **VI. Intersectoral activities: new activities and/or progress in existing intersectoral activities**

22. The Trade subprogramme cooperates closely with numerous other ECE subprogrammes (ECE/CTCS/2024/2). Prime from the perspective of cross-cutting themes, and spotlight areas are:

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<sup>1</sup> This includes the Customs Convention on the International Transport of Goods under Cover of TIR Carnets (TIR Convention), the Convention on the Contract for the International Carriage of Goods by Roads (CMR Convention)

- Agricultural trade: Cooperation within the Trade subprogramme to harness synergies between the Committee's work under RPBT studies and the work of WP.6 and WP.7, the work of UN/CEFACT and the work stream on ESG traceability of sustainable value chains under the Team of Specialists on ESG Traceability of Sustainable Value Chains in the Circular Economy (ToS ESG VC CE).
- Green/circular transformation: Cooperation with the Economic Cooperation and Integration (ECI) subprogramme, including as part of a United Nations Development Account (UNDA) project. In particular, the Committee works closely with the multi-stakeholder engagement platform, Circular STEP, established under this project to support the circular economy transition in the region.
- Digital transformation and services trade: Cooperation across the Economic Cooperation and Trade Division (ECTD), to help harness the benefits of removing regulatory and procedural barriers to trade in services, including with respect to infrastructure services (PPP work stream), transformative innovation and the services sector (ETIN work stream) and trade facilitation services (UN/CEFACT).

## VII. Technical cooperation activities

23. There are numerous technical assistance and capacity-building activities carried out under the Committee, aiming to support ECE member States in implementing ECE trade-related standards, recommendations and best practice guides.

24. During the 2024 Committee session, the secretariat reported on 14 capacity-building and technical assistance activities conducted with the support under the Regular Budget, including the Regular Programme of Technical Cooperation (RPTC), the UNDA, and extra-budgetary funds. In line with the spotlight focus of this report, of particular relevance are:

- Three new RPBT Studies with a focus on agricultural trade, for Armenia (ECE/CTCS/2024/3), Kazakhstan (ECE/CTCS/2024/4) and Kyrgyzstan (ECE/CTCS/2024/5), aiming to enhance exports of fish products (Armenia), vegetable oil (Kazakhstan), and dried fruits (Kyrgyzstan). The studies assessed the export potential of products, trade facilitation frameworks and quality infrastructure for trade. The recommendations aim to help countries remove procedural barriers, increase cross-border trade efficiency and support the Agenda 2030 for Sustainable Development (ECE/CTCS/2024/11).
- A training workshop on "Agricultural quality standards: methods and tools for inspection and sampling" (4–6 June 2024) was held in Uzbekistan in collaboration with UNDP, OECD and Hilfswerk International. Attended by over 40 participants from Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, the training addressed critical needs for Central Asian countries wishing to align with international agricultural quality standards and to ensure appropriate infrastructure for inspections is in place for conformity assessment. The lessons learned will help open new markets and contribute to the region's sustainable development.

25. Some delegations from countries with economies in transition voiced further capacity-building requests during the ninth session of the Committee (i.e. Kazakhstan, Kyrgyzstan, the Republic of Moldova, Turkmenistan, and Uzbekistan). While some requests referred to the Committee's traditional work streams for trade in goods, new requests were made in the context of the services trade (also covered by the Committee's mandate), responding to the significance of the services sector in the economies of ECE member States.

26. Activities are demand-driven and delivered in close cooperation with development partners. The response to strong capacity-building demand driven requests depends on extra-budgetary sources. The secretariat has raised some extra-budgetary funding in the past, but more will be needed to meet demands in a timely and effective manner (ECE/CTCS/2024/11). In view of the strong demand for additional support from ECE programme countries, the Committee calls on member States to consider providing additional extra-budgetary funding.

## VIII. Cooperation with other organizations

27. The annual report on the Trade subprogramme's collaboration with other organizations and ECE bodies is available in document ECE/CTCS/2024/12. The secretariat cooperates with more than 50 different partners, including other United Nations regional commissions. Prime for the focus areas of this report are:

- Cooperation with the Food and Agriculture Organization (FAO), OECD, and Codex Alimentarius on agricultural quality standards.
- Cooperation with Wageningen University, and several Circular Economy partners on sustainable agriculture as well as with FAO and other agencies in the framework of the regional Issue-based Coalition on Sustainable Food Systems (IBC-SFS) for Europe and Central Asia on food loss and waste reduction.
- Cooperation with Economic and Social Commission for Asia and the Pacific (ESCAP) on SPECA for the Roadmap for the Digitalization of Multimodal Data and Document Exchange along the Trans-Caspian Transport Corridor.

28. Building on Committee's fruitful discussions of the services sector, and in response to Committee's Terms of References (explicitly covering services trade), there are important synergies for further cooperation with the WTO and the World Bank Group.

**Annex**

**The organizational structure of the Steering Committee on Trade Capacity and Standards**

